



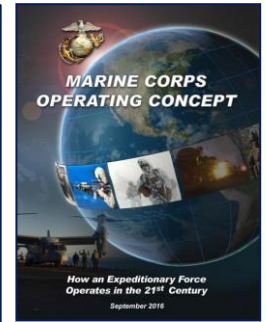
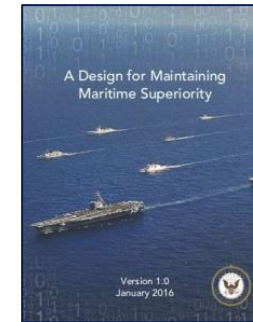
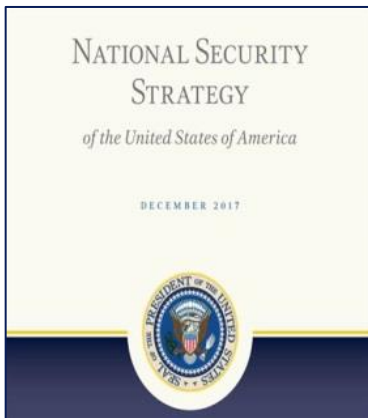
DEPARTMENT OF THE NAVY FY 2019 PRESIDENT'S BUDGET

February 12, 2018

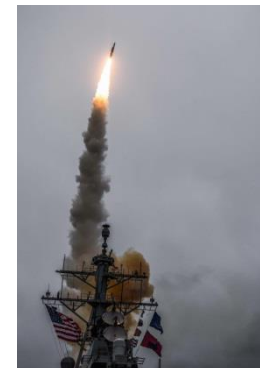
Agenda

- **Strategic Guidance**
- **Operational Context**
- **Fiscal Context**
- **Balanced Choices**
- **Reform**

The Foundation – Strategic Guidance



Compete, Deter, Win



Strategic Environment

The Latest: Chemical weapon watchdog probing Syria attacks

Associated Press



TURKEY SAYS U.S. ALLY KURDS USE SAME CHEMICAL WEAPONS ASSAD IS ACCUSED OF POSSESSING IN SYRIA

AFRIN, SYRIA
Jan. 24, 2018

TURKEY SHELLED U.S. BACKED SYRIAN-KURDISH YPG MILITIA TARGETS ON JAN. 24...



China's 5th generation fighter jet J-20 takes part in first combat exercises



China's military build-up may be a game changer for European arms transfers



New missile test shows North Korea capable of hitting all of US mainland



Russia spy ship located near U.S. Navy base in Virginia



From several angles, a new look at how a Russian jet buzzed a Navy aircraft



JAPAN FEARS RUSSIAN MILITARY BUILD-UP AS TROOPS MOVE IN ON DISPUTED ISLANDS



As tensions ease, China keeps building on disputed islands



China's Next Aircraft Carrier Will Be a Massive Leap Forward



Increasing Complex Security Environment

Operational Context

Legend:

- Marine Corps (Green Dot)
- Navy (Blue Dot)
- Choke Point (Yellow Dot)
- Hot Spot (Red Dot)

Ship Distribution by Region:

- Pacific:** 176 Ships (including JOHN C STENNIS (CVN) and GERALD R FORD (CVN))
- Western Pacific:** 52 Ships (including RONALD REAGAN (CSG), WASP (ESG), CARL VINSON (CVN), and AMERICA (ARG))
- South China Sea:** 6 Ships
- Indian Ocean:** 24 Ships (including AQAP)
- Other Regions:** 17 Ships (including THEODORE ROOSEVELT (CSG) and BONHOMME RICHARD (ESG))

Hot Spots: North Korea, Iran, Taliban, Syria, Libya, AQAP, ISIS, China, Russia, Ukraine.

BATTLE FORCE SHIPS: 280

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40 Ships Deployed U/W (14%)	29 Ships Non-Deployed U/W (10%)	69 Total Ships U/W (25%)
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Personnel Forward Deployed	
Navy:	77,825
Marines:	35,200

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Average Ship Count	
	<u>Today / FY19/ FY23</u>
Total:	280 / 299 / 326
Deployed:	100 / 100 / 131

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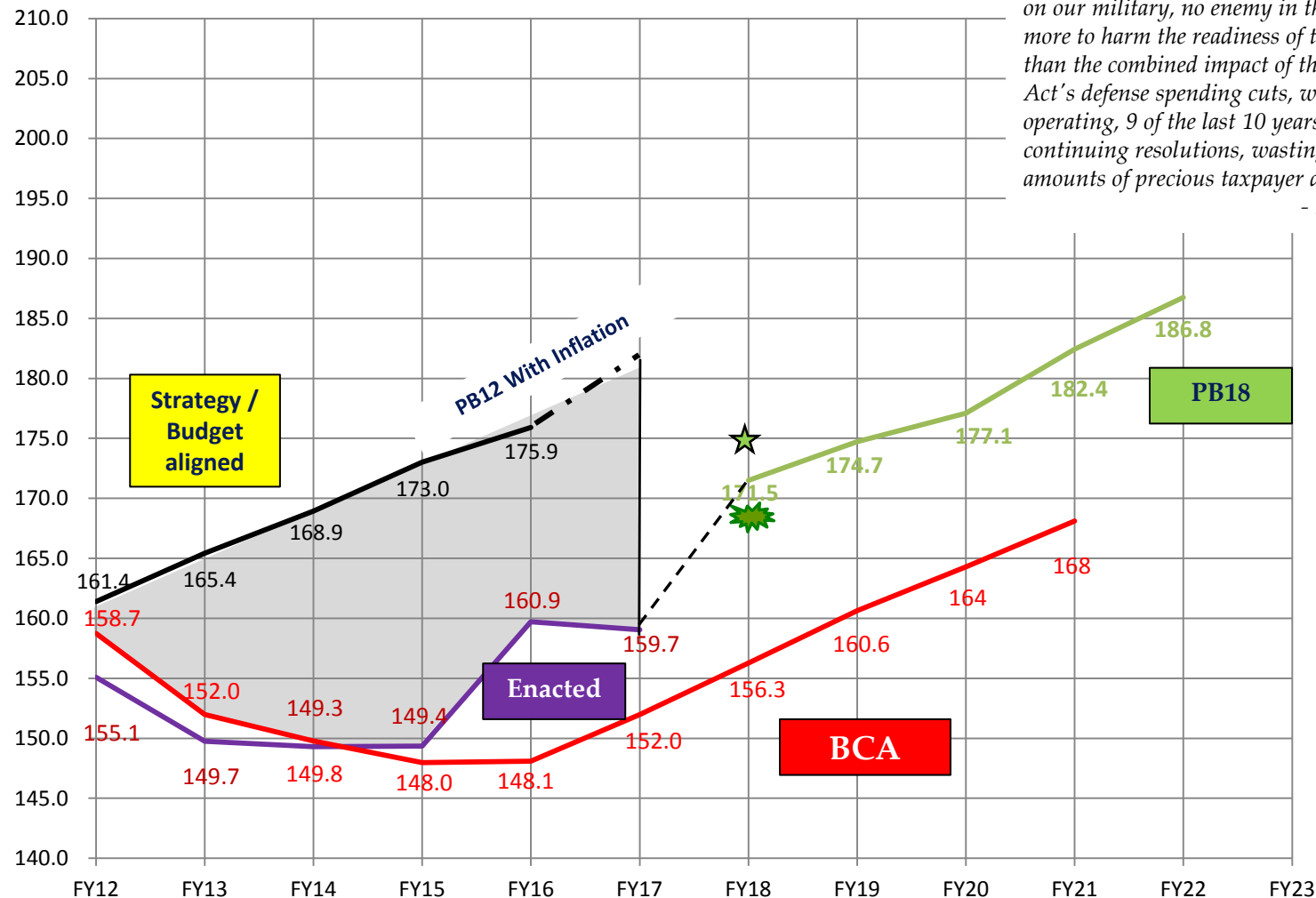
Operational Environment

Budget Environment - Eroding Military Advantage

TY \$ B	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
OCO Funding	16.4	11.5	14.2	10.3	9.4	14.4	8.6	15.0

"Failure to modernize our military risks leaving us with a force that could dominate the last war, but be irrelevant to tomorrow's security. Let me be clear: As hard as the last 16 years have been on our military, no enemy in the field has done more to harm the readiness of the U.S. military than the combined impact of the Budget Control Act's defense spending cuts, worsened by us operating, 9 of the last 10 years, under continuing resolutions, wasting copious amounts of precious taxpayer dollars."

- SECDEF Mattis



★ Current FY18 Estimate:

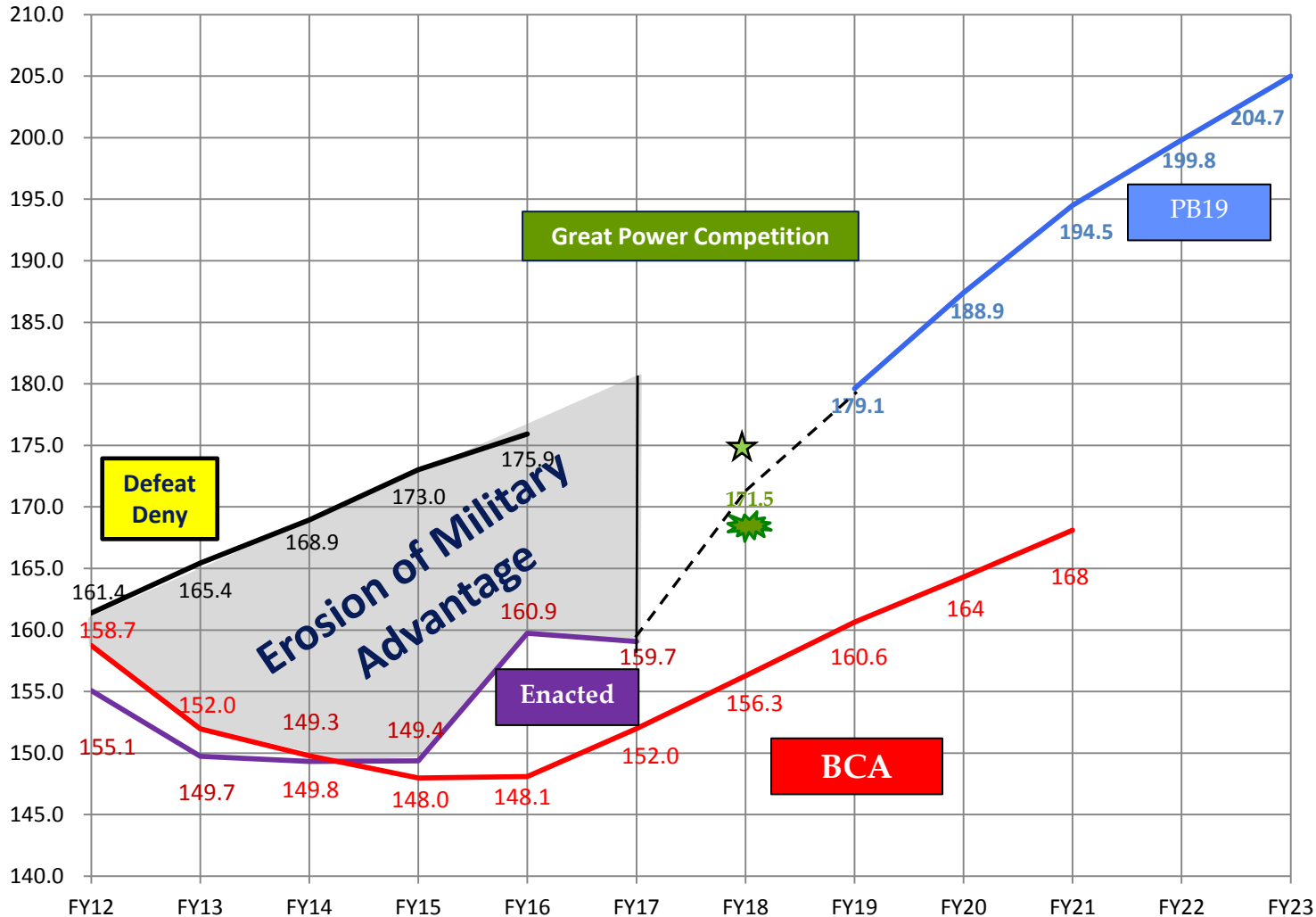
- PB18 original request = \$171.5B
- FY18 Adjusted Budget = \$172.8B:
 - + \$25M OCO;
 - + \$733.5M FTZ and JSM;
 - + \$525.5M Hurricane
- Anticipate at least \$175B (lesser of HAC/SAC mark)

★ FY18 Annualized CR \$169.4B

Need for Stable and Predictable Funding

Budget Environment – Building the Lethal Force

TY \$ B	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
OCO Funding	16.4	11.5	14.2	10.3	9.4	14.4	8.6	15.0



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\$169.4B

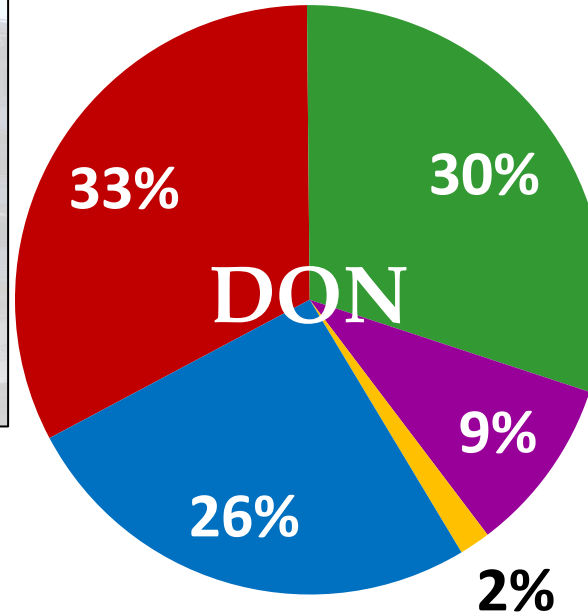
Long Term Strategic Competition

Summary by Appropriation Group

FY 2019 DON Base + OCO Budget

FY19: \$194.1B

(\$179.1B Base/ \$15.0B OCO)



Procurement: \$58.5B (\$57.9B Base/\$0.6B OCO)

Ships	\$21.9
Aircraft	\$19.1
Weapons	\$3.7
Marine Corps	\$2.9
Ammunition	\$1.3
Other Navy Procurement	\$9.6

● Navy: 34% ● Marine Corps: 11%

R&D: \$18.6B (\$18.4B Base/ \$0.2B OCO)

Basic Research	\$0.6
Applied Research	\$0.9
Advance Tech Dev	\$0.8
Adv Component Dev	\$4.3
System Dev & Demo	\$6.0
Management Support	\$1.0
Ops Systems Dev	\$5.0

● Navy: 11% ● Marine Corps: 3%

Infrastructure: \$3.4B (\$3.2B Base/\$0.2B OCO)

MILCON	\$2.8
BRAC	\$0.2
Family Housing	\$0.4

● Navy: 1% ● Marine Corps: 3%

O&M: \$63.4B (\$49.9B Base/ \$13.5B OCO)

Ship Ops & Maint	\$18.3
Aviation Ops & Maint	\$11.4
Base Ops & Support	\$7.7
Marine Corps O&M	\$8.2
Combat/Weapons Support	\$8.7
Service Wide Support	\$4.2
Training and Education	\$2.0
Reserve O&M	\$1.1
Environmental Restoration	\$0.3
Mobilization	\$1.3

● Navy: 33% ● Marine Corps: 28%

MilPers: \$50.2B (\$49.7B Base/\$0.5B OCO)

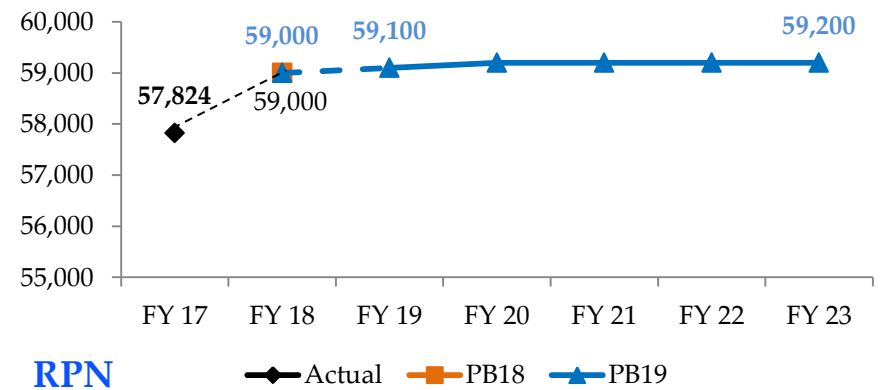
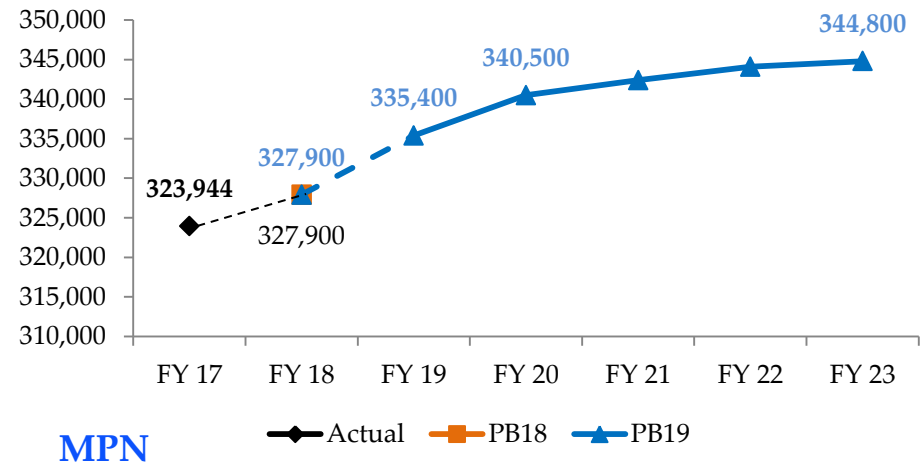
Basic Pays	\$20.9
Housing Allowance	\$8.2
Retired Pay Accrual	\$6.3
Health Accrual	\$2.5
Reserve Personnel	\$2.8
Subsistence	\$2.3
Allowances	\$1.1
Special Pays	\$1.6
Other	\$3.7

● Navy: 21% ● Marine Corps: 54%

Military Personnel - Navy

Active and Reserve Personnel Strength

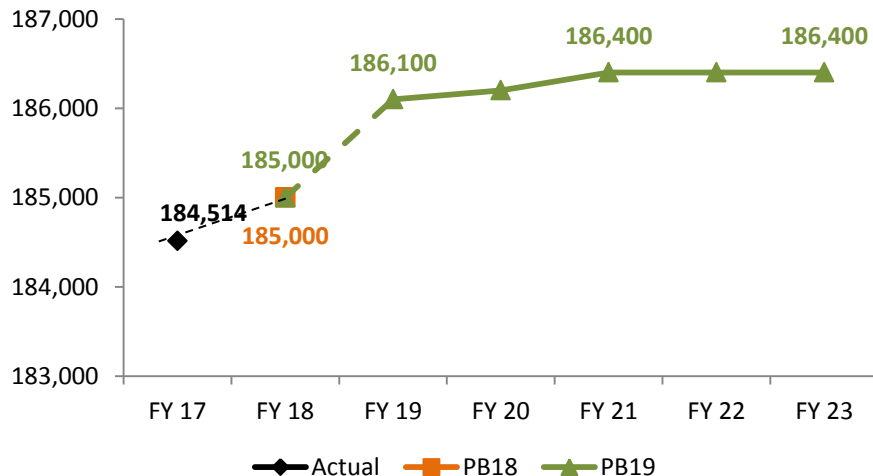
- Transitioning from a declining to a growing force while facing an improved economy and increased competition for talent
 - Substantially increases accessions to meet growth/shipbuilding plan
 - Includes Enablers (Recruiters, bonuses, incentives)
 - Funds manpower Total Ownership Cost end strength to eliminate gaps at sea
- MPN includes manpower for:
 - CR/SRR manning & training impacts
 - 4 CG crews returning to operational status following completion of Phase Modernization
 - Special Operations Forces growth
- RPN includes manpower for increased support of Fleet operational requirements



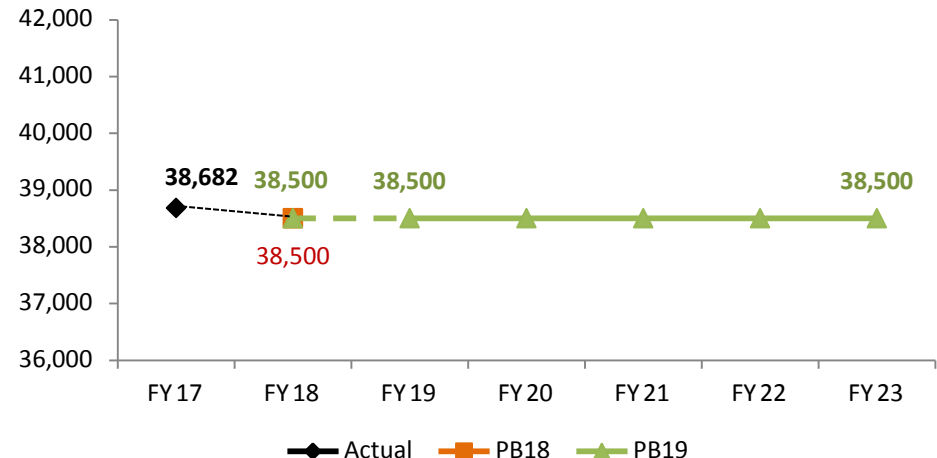
Military Personnel – Marine Corps

- Supports an Active Component Force of 186.1K and Reserve Component Force of 38.5K
- Maintains a 1:2 Deployment-to-Dwell Force in the aggregate
- Forward deployed providing support to Combatant Commanders with ready, relevant crisis response forces and building capacity with partners and allies
- Tailored Marine Air Ground Task Forces (MAGTF) to meet mission requirements across the range of military operations

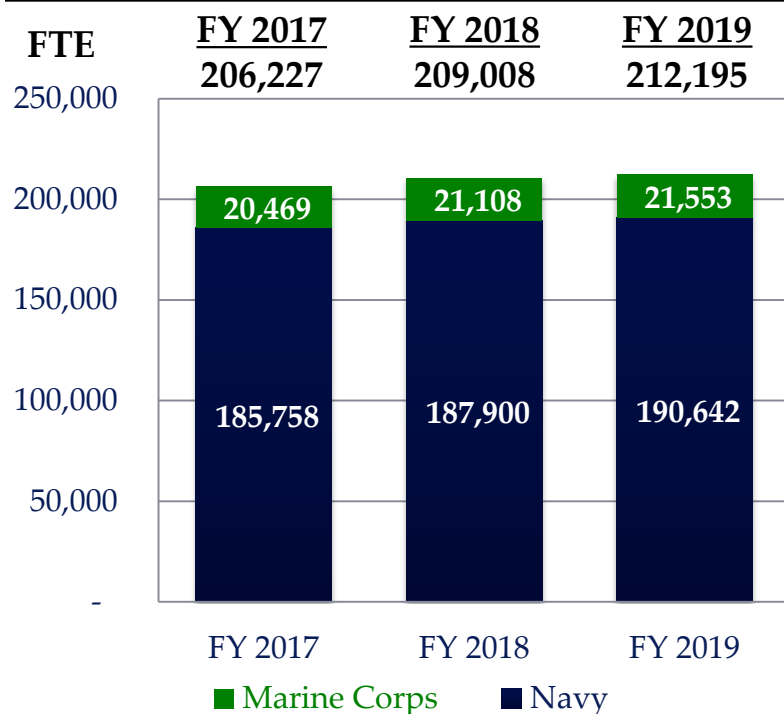
Active Personnel Strength



Reserve Personnel Strength



Civilian Personnel



Total — Department of the Navy 206,227 209,008 212,195

FTE By Appropriation/Fund

Operation and Maintenance	117,816	121,835	123,373
Working Capital Funds	87,010	85,332	86,983
Other (FHOPS/RDTEN/BRC)	1,401	1,841	1,839

Improve Readiness and Build a More Lethal Force

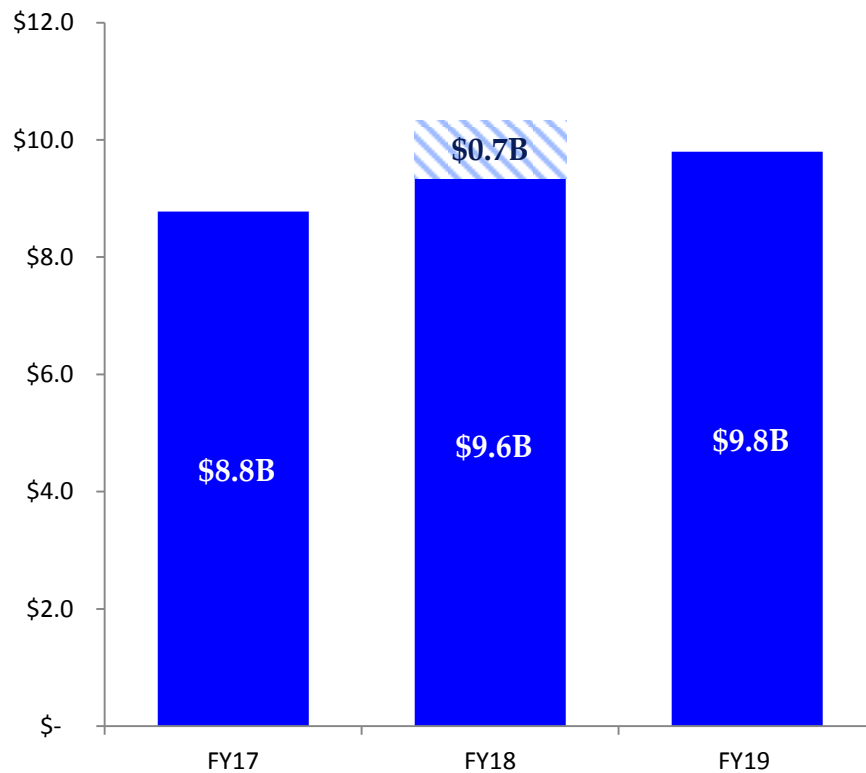
Highlights in FY 2019:

- Warfare Centers: Additional personnel to support increased air, surface, and undersea capabilities
- Ship Maintenance: Additional personnel to support additional ships including new construction, maintenance backlogs, and CG extensions
- Security: Additional personnel to address security and incident response at installations
- Intelligence: Additional personnel to address increased terrorist and counter-intelligence threats worldwide
- Fleet Combat Support: Additional personnel for expanded operations in the Pacific
- Cyber: Additional personnel to accelerate and enhance offensive and defensive cyberspace operations
- Weapons Systems: Additional personnel for logistics support for fielding additional weapons and platforms

Ship Readiness

Ship Depot Maintenance

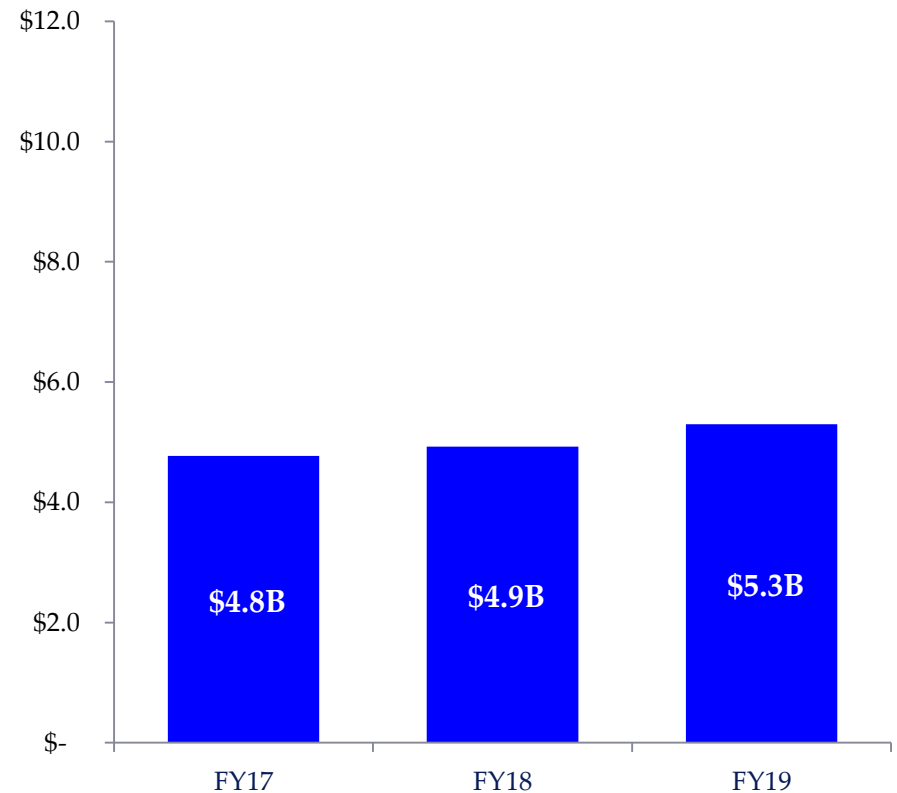
Max Executable



Ship Operations

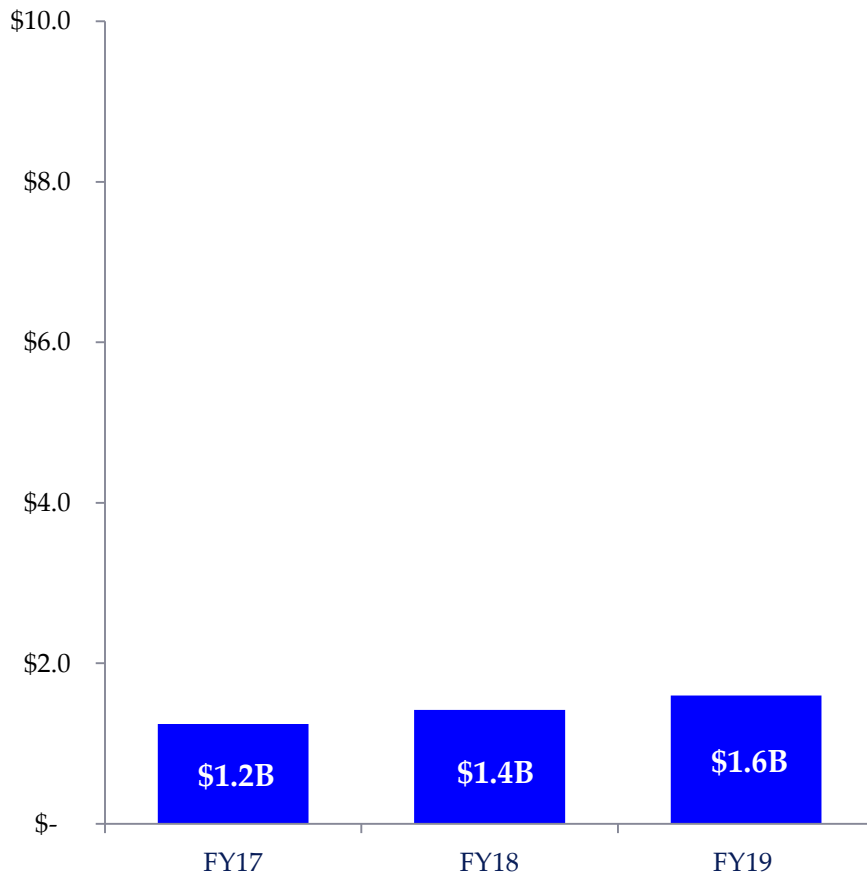
58 days/qtr deployed

24 days/qtr non-deployed

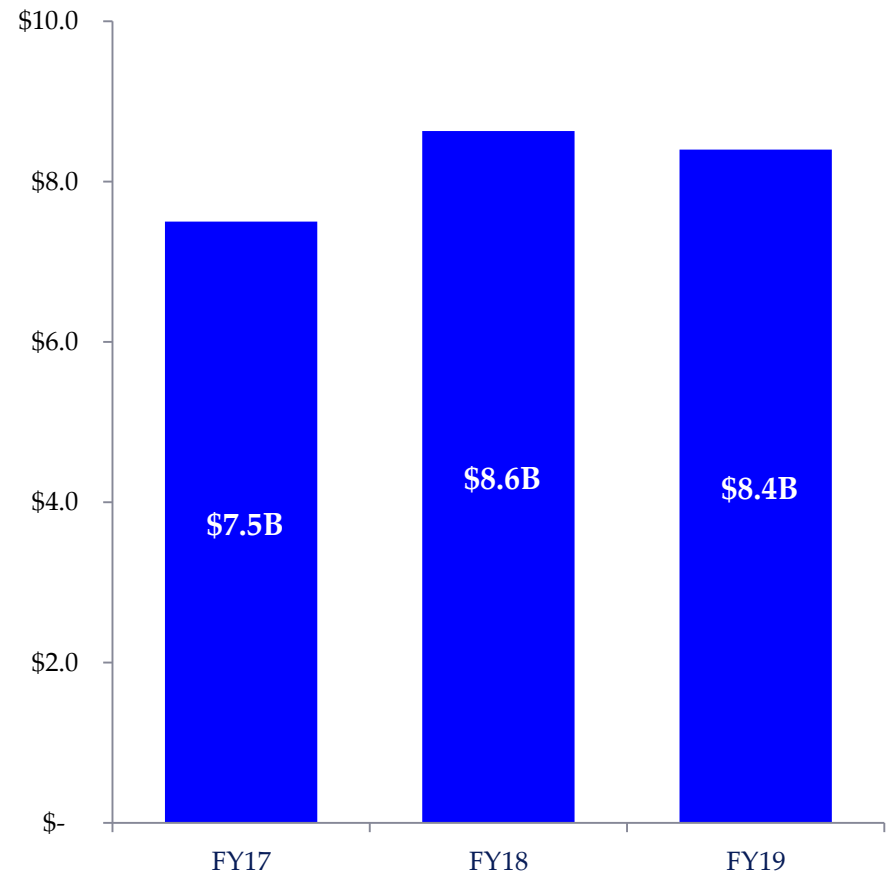


Aviation Readiness

Aircraft Depot Maintenance Max Executable



Flying Hour Operations Deployed T-Rating Navy 2.0 / Marine Corps 2.0

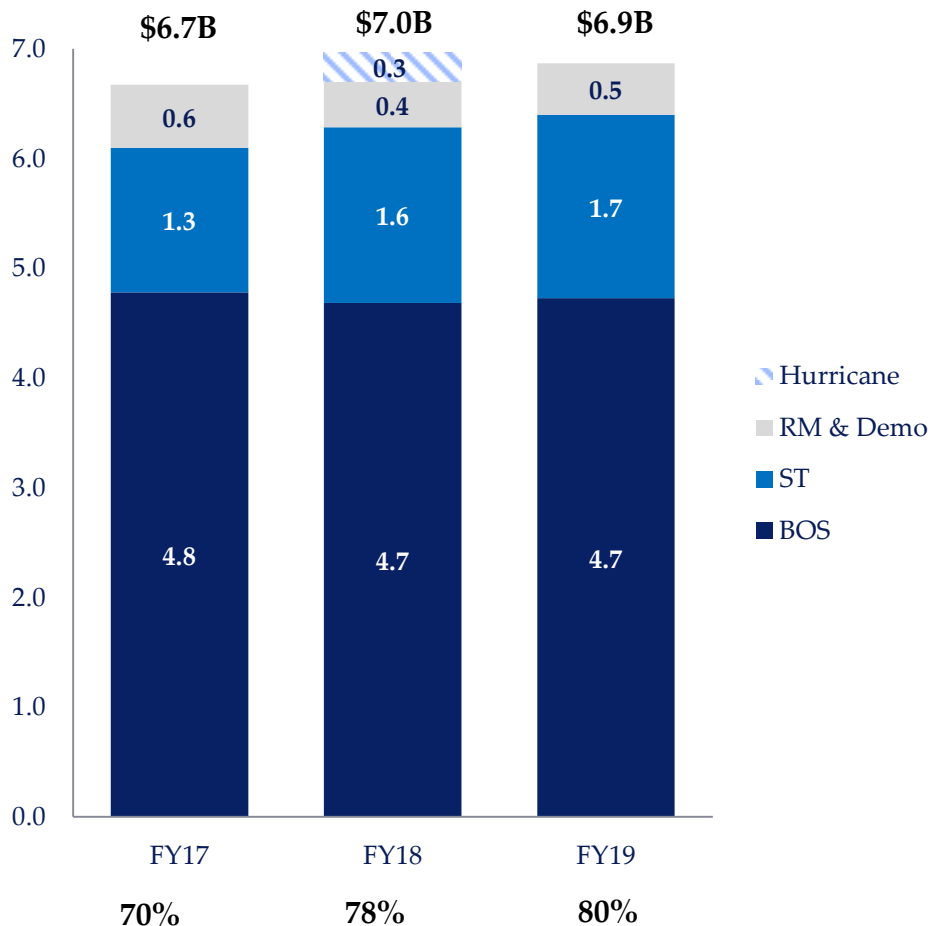


FY17 Actuals FY18 Initial PB 18 Request PB19 Base + OCO

Shore Readiness

Facilities Support

Navy 80%
of facility sustainment model



Facilities Support

USMC 80%
of facility sustainment model



FY17 Actuals FY18 Initial PB 18 Request PB19 Base + OCO

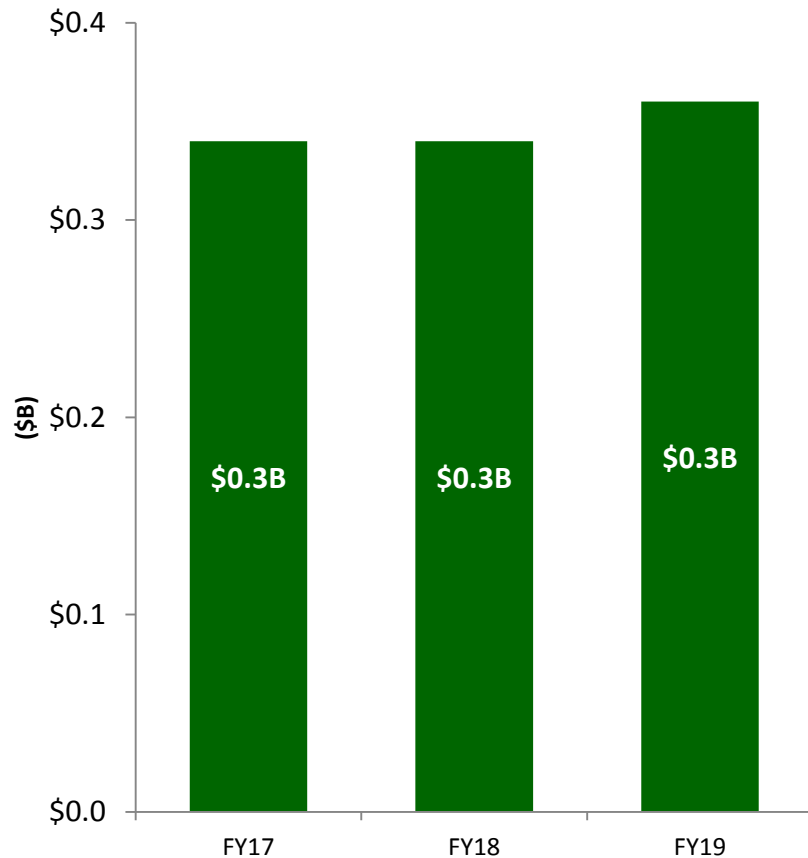
Navy

Marine Corps

Marine Corps Readiness

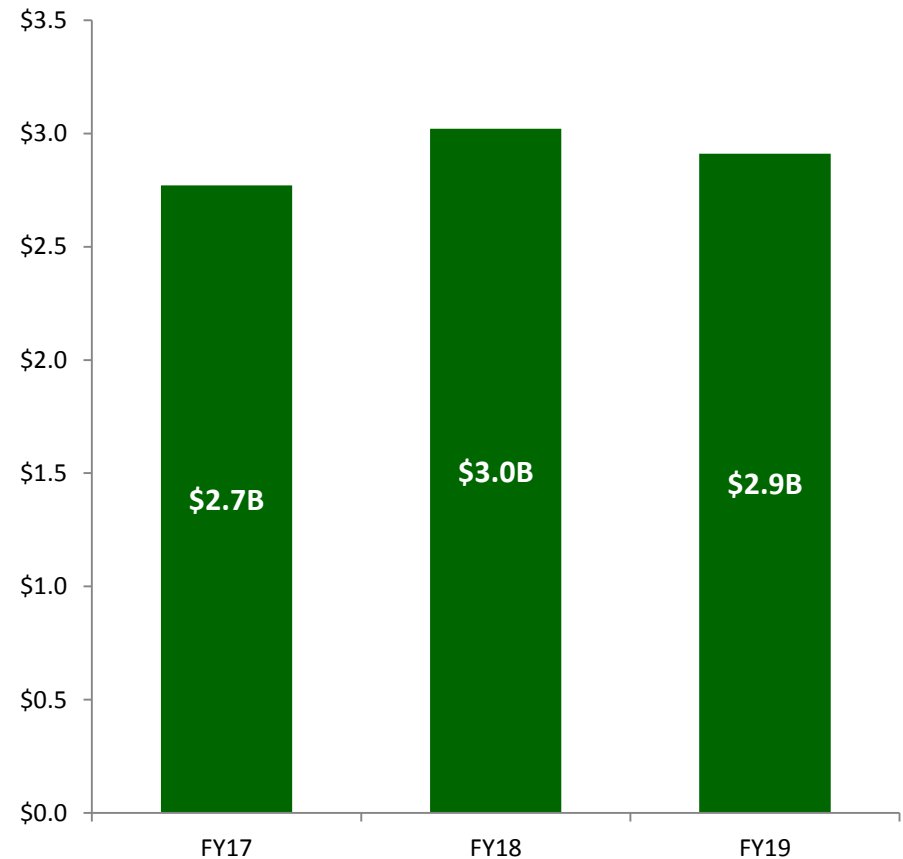
Marine Corps Ground Equip

82% of projected
maintenance funded



Marine Corps Readiness

Operating Forces



Shipbuilding and Conversion

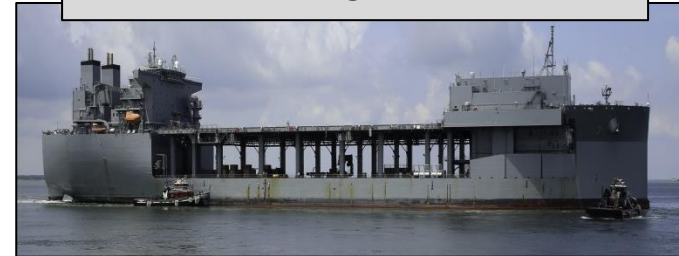
Ship Class	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 19-23
Columbia-class Submarine	AP	AP	AP	1	-	-	1
CVN 78	1	-	-	-	-	1	1
SSN 774	2	2	2	2	2	2	10
DDG 51	2	3	2	3	3	3	14
LCS	2	1	-	-	-	-	1
FFG(X)	-	-	1	1	2	2	6
LHA(R)	-	-	-	-	-	-	-
LPD 17	-	-	-	-	-	-	-
LX(R)	-	-	1	-	1	1	3
Expeditionary Sea Base (ESB)	-	1	1	-	-	-	2
Expeditionary Fast Transport (EPF)	-	-	-	-	-	-	-
T-AO 205	1	2	1	2	1	2	8
T-ATS	1	1	2	1	1	1	6
T-AGOS(X)	-	-	-	-	1	1	2
Battle Force Total QTY	9	10	10	10	11	13	54
LCAC SLEP	-	1	-	-	-	-	1
Ship to Shore Connector	3	5	8	8	8	8	37
LCU 1700	1	2	4	4	4	4	18
Moored Training Ship	-	-	-	-	-	-	-
CVN RCOH	-	-	-	1	-	-	1
Other Total QTY	4	8	12	13	12	12	57
Total Shipbuilding QTY	13	18	22	23	23	25	111

The FY 2018 column in this table represents FY18 @ PB 2018 amended submission incorporating additional LCS with OMB errata changes.

DDG



ESB



T-AO



SSN



Aircraft Procurement

Fixed Wing	FY18	FY19	FY20	FY21	FY22	FY23	FY19-23
F-35C (CV)	4	9	16	24	24	24	97
F-35B (STOVL)	20	20	20	20	20	21	101
FA-18E/F	14	24	24	24	21	17	110
E-2D AHE	5	4	4	4	5	7	24
P-8A (MMA)	7	10	9	-	-	-	19
UC-12W (USMC)	0	0	0	0	0	0	0
C-40A (USMC)	-	2	-	-	-	-	2
T-44 Replacement (NAVY)	-	-	-	-	-	10	10
KC-130J	2	2	2	5	6	8	23
Rotary Wing							
CH-53K (HLR)	4	8	9	14	19	19	69
MV-22B / CMV-22B	6	7	10	9	11	15	52
AH-1Z	22	25	-	-	-	-	25
TH-57 Replacement (NAVY)	-	-	25	25	25	10	85
VH-92A	-	6	6	5	-	-	17
UAV							
MQ-4 Triton	3	3	3	3	3	5	17
MQ-8C (VTUAV) (NAVY)	-	-	-	-	-	-	-
MQ-25 Stingray (NAVY)	-	-	-	-	-	4	4
RQ-21 (USMC)	4	-	-	-	-	-	-
TOTAL	91	120	128	133	134	140	655

AH-1Z



F-35 C



MV-22B



P-8A



Weapons Procurement

AGM



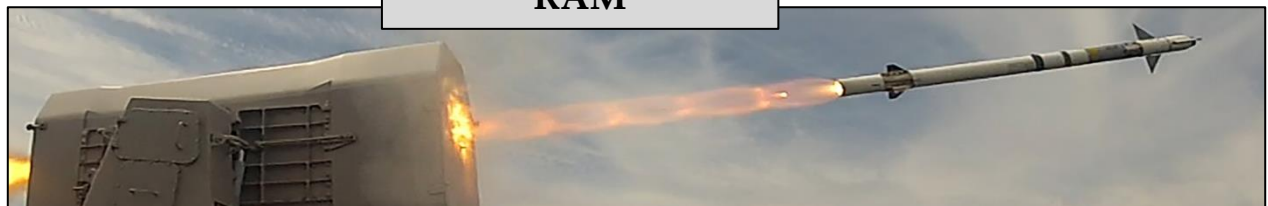
MK 48



Ship Weapons	FY18	FY19	FY20	FY21	FY22	FY23	FY 19-23
TACTOM	100	-	-	-	-	-	-
TACTOM Mod	87	112	156	156	348	274	1,046
SM6	125	125	125	125	125	125	625
RAM Blk II	60	120	150	155	270	270	965
ESSM Blk II	31	45	60	125	175	300	705
MK 48 HWT	17	45	58	71	75	76	325
MK 48 CBA SS KITS	79	79	46	30	42	-	197
MK 54 LWT MOD 0	114	66	70	-	-	-	136
MK 54 LWT MOD 1	30	30	30	82	122	138	402
ADVANCED LWT	-	-	-	-	6	54	60
HARPOON Blk II+ MODS	54	52	35	37	20	20	164
LCS OTH	-	8	12	12	12	20	64
LCS SSMM	110	90	120	115	109	109	543
SOPGM	19	31	-	-	-	-	31
Aircraft Weapons							
SIDEWINDER AIM-9X*	185	192	198	200	192	192	974
AMRAAM*	120	141	222	316	347	358	1,384
AARGM BLK I	251	257	243	242	247	268	1,257
AARGM BLK II	0	0	0	16	16	16	48
JAGM	-	75	75	192	192	304	838
LRASM	25	25	25	25	-	-	75
HELLFIRE*	110	23	-	-	-	-	23
Laser Maverick	64	-	-	-	-	-	-
SDB II	90	750	750	750	750	750	3,750

*OCO Request included in PB19

RAM



Other Procurement

Other Procurment, Navy Quantity	FY18	FY19	FY20	FY21	FY22	FY23	FY19-23
SEWIP BLK 2	10	16	19	17	8	2	62
SEWIP BLK 3	2	4	8	11	7	7	37
SSEE INC F	6	5	5	0	0	0	10
NAVY MULTIBAND TERMINAL (NMT)	66	248	102	35	0	0	385
VARIOUS COMMUNICATION ENHANCEMENTS	112	178	183	140	84	50	635
TACTICAL CRYPTO SYSTEMS (TCS)	6	8	6	7	0	0	21
PARAGON GRAYWING	8	9	10	9	10	10	48
CANES AFLOAT	24	20	17	20	11	9	77
DDG Modernization	7	5	7	7	8	8	35
SSN/SSGN/SSBN SWFTS Sets	13	10	13	14	13	14	64
LCS Mission Modules	2	4	4	4	3	3	18

CANES



NMT



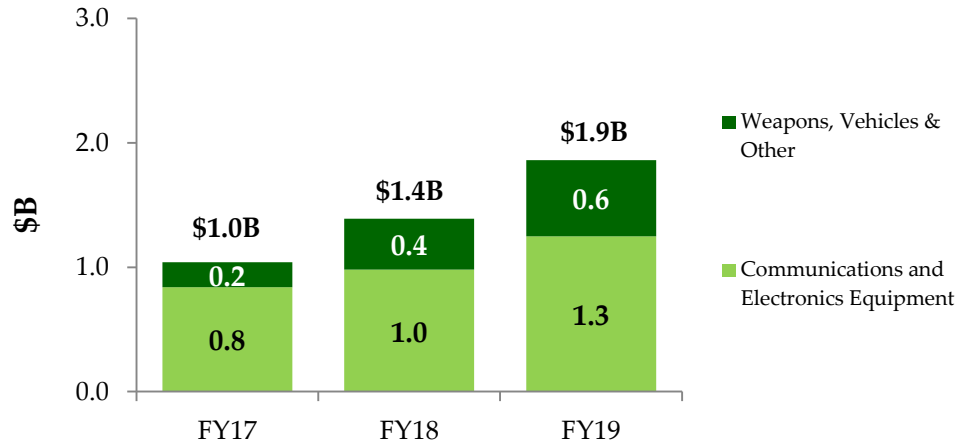
SEWIP



SWFTS



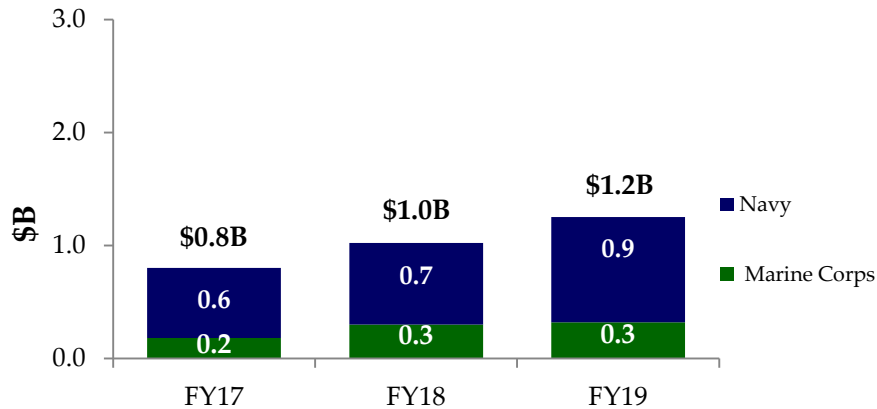
Other Warfighting Accounts



PMC

PMC Capability Enhancements

- Joint Light Tactical Vehicle (JLTV)
- Ground/Air Task Oriented Radar (G/ATOR)
- Amphibious Combat Vehicle (ACV)
- High Mobility Artillery Rocket System (HIMARS)

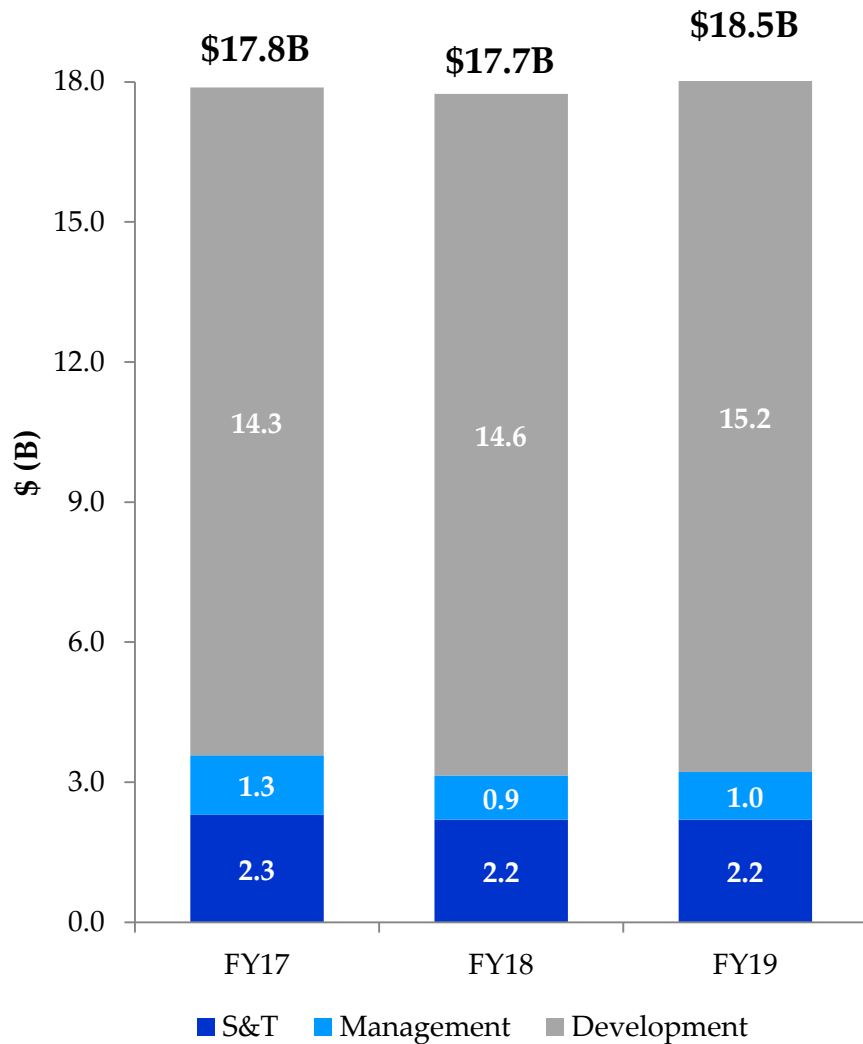


PANMC

PANMC Capability Enhancements

- Joint Direct Attack Munition (JDAM)
- Advanced Precision Kill Weapon System (APKWS)

Accelerate Future Capability (R&D)



RD TEN

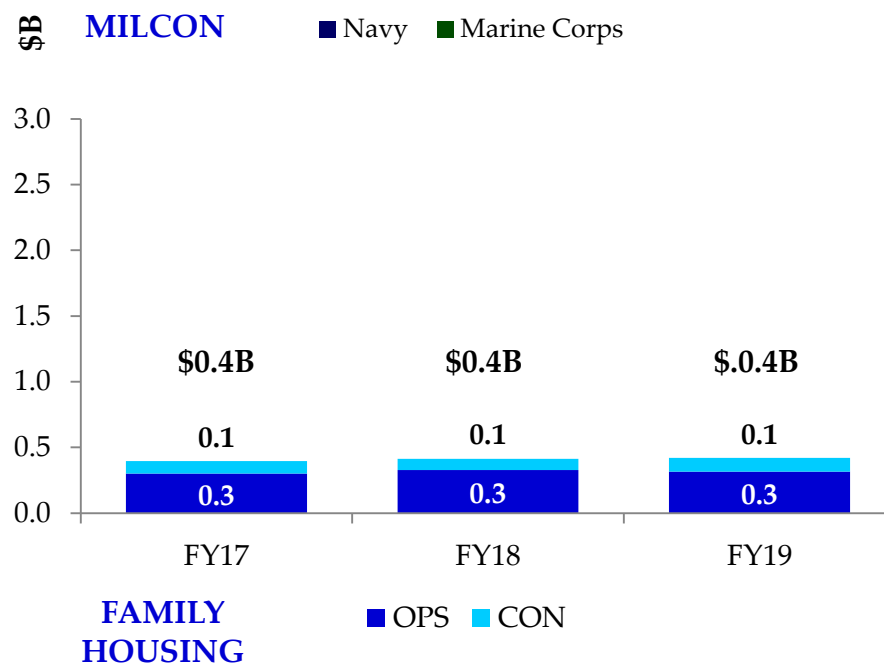
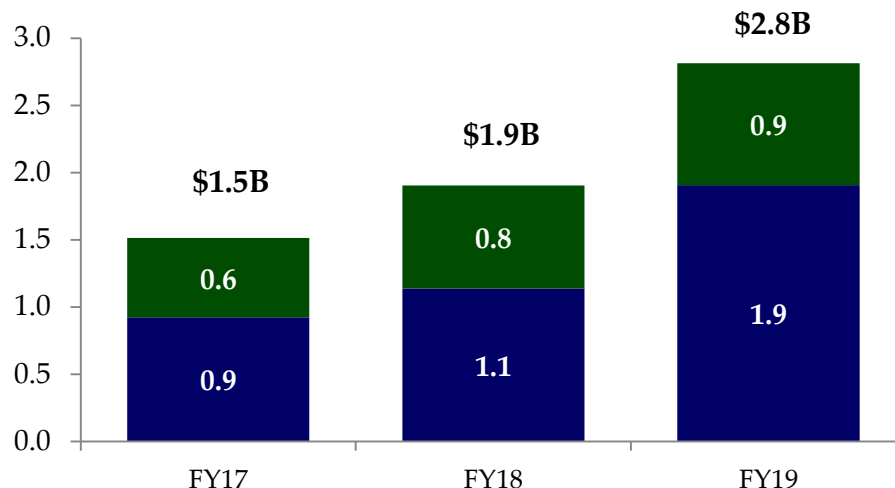
Numbers may not add due to rounding

Major Systems (\$M)	FY17	FY18	FY19
Shipbuilding			
Columbia class	1,071	1,042	705
Virginia class	220	190	146
Carrier Replacement	238	309	292
Frigate	83	143	135
Aviation & Weapons			
Joint Strike Fighter (F-35)	1,087	551	644
Next Generation Jammer (NGJ)	578	700	575
Executive Helo Development	328	452	245
LRASM	302	161	143
F/A-18 Infrared Search and Tracking (IRST)	94	87	109
Advanced Hawkeye	354	293	224
Tomahawk	49	134	282
Unmanned			
MQ-4C Triton	258	314	234
MQ-25	76	222	719
Advanced Undersea Prototyping	57	67	88
USMC			
Amphibious Combat Vehicle	131	179	98
G/ATOR	79	55	45
Ground Based Air Defense (GBAD)	45	24	74
Other			
Navy Laser Family of Systems (NLfOS)	120	152	299
Digital Warfare	2	15	27
Rapid Prototyping	2	41	49

Military Construction & Family Housing

FY19 MILCON Projects

<u>Major Categories</u>	<u>\$ in Millions</u>	<u># of Projects</u>
New Platform/Mission Support	931	19
Restore Warfighting Readiness	612	8
European Deterrence Initiative	215	5
Guam (DPRI)	243	4
Naval Shipyards	221	4
Safety, Security, Environmental	152	4
Replace Aging Infrastructure	169	3
Navy and Marine Corps Reserves	36	2
Planning and Design	203	N/A
Unspecified Minor Construction	32	N/A



Reform

“We have a responsibility to gain full value from every taxpayer dollar spent on defense, thereby earning the trust of Congress and the American people.”

–National Defense Strategy

- OMB issued guidance on a “Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce.”
- Reform efforts should focus on improving organizational effectiveness; eliminating, restructuring, or merging activities; and workforce management.
- In development of the FY 2019 President’s Budget the DON will review business operational processes and programs to achieve reform.

Audit

“The Department will continue its plan to achieve full auditability of all its operations, improving its financial processes, systems, and tools to understand, manage, and improve cost.”

–National Defense Strategy

- The Department of the Navy is undergoing its first audit of all financial statements.
- The audit is an independent assessment of the efficiency and effectiveness of Navy and Marine Corps operational processes and internal controls. The audit will identify areas where operational process deficiencies are contributing to readiness gaps.
- Corrective actions will be led by senior executives and flag officers, and will be monitored by the Under Secretary, Vice Chief of Naval Operations, and Assistant Commandant of the Marine Corps.
- Annual audits will provide an independent assessment of the progress of the corrective actions that Navy and Marine Corps is taking.
- The DON is committed to being accountable stewards of every dollar entrusted to us.



For more Information

Fully searchable justification material available at:
<http://www.secnav.navy.mil/fmc/fmb/Pages/Fiscal-Year-2019.aspx>



DEPARTMENT OF THE NAVY
Budget Materials

Search this site...

FM&C **2019** 2018 2017 2016 2015 2014 2013 2012 2011 2010 2009 2008 2007 2006 Archive

DEPARTMENT OF THE NAVY SUMMARY

FY 19 Budget Press Brief
FY 19 Budget Overview
Supporting Exhibits
Budget Highlights Book
The Bottom Line
External Defense Links

MILITARY PERSONNEL PROGRAMS

Military Personnel, Navy
Military Personnel, Marine Corps
Reserve Personnel, Navy
Reserve Personnel, Marine Corps

OPERATION & MAINTENANCE PROGRAMS

Operation & Maintenance, Navy
Operation & Maintenance, Navy Databook
Operation & Maintenance, Marine Corps
Operation & Maintenance, Marine Corps Databook
Operation & Maintenance, Navy Reserve
Operation & Maintenance, Marine Corps Reserve

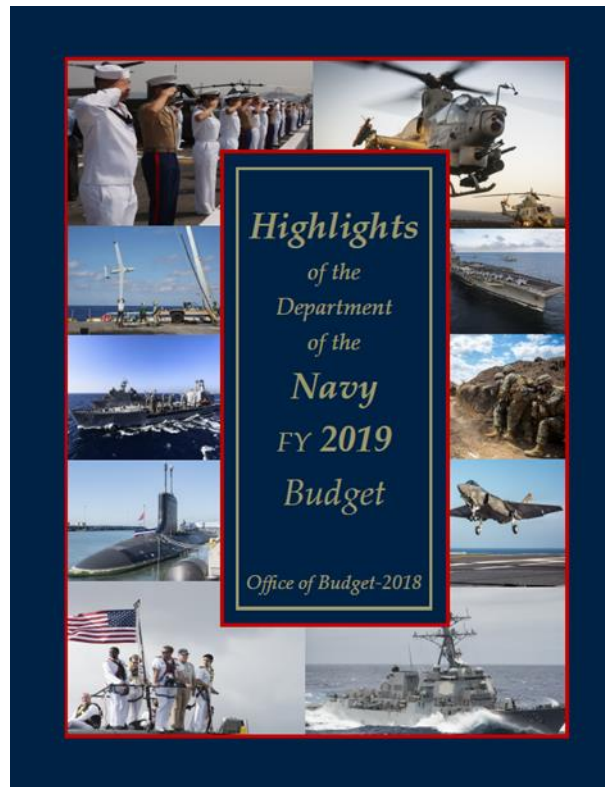
NAVY WORKING CAPITAL FUND

Navy Working Capital Fund

OVERSEAS CONTINGENCY OPERATIONS

Overseas Contingency Operations Request

BUDGET AMENDMENTS



PROCUREMENT PROGRAMS

Weapons Procurement, Navy
Shipbuilding and Conversion, Navy
Procurement Marine Corps

Aircraft Procurement Programs

Aircraft Procurement, Navy (BA 1 - 4)
Aircraft Procurement, Navy (BA 5)
Aircraft Procurement, Navy (BA 6)
Aircraft Procurement, Navy (BA 7)

Other Procurement Programs

Other Procurement, Navy (BA 1)
Other Procurement, Navy (BA 2)
Other Procurement, Navy (BA 3)
Other Procurement, Navy (BA 4)
Other Procurement, Navy (BA 5 - 8)

Procurement of Ammunition, Navy and Marine Corps

Procurement of Ammunition, Navy & Marine Corps

CONSTRUCTION PROGRAMS

Base Realignment and Closure, IV & V
Military Construction & Family Housing Programs
Military Construction, Navy & Marine Corps Reserve Programs

RESEARCH & DEVELOPMENT PROGRAM

Research & Development, Navy (BA 1 - 3)
Research & Development, Navy (BA 4)
Research & Development, Navy (BA 5)
Research & Development, Navy (BA 6)
Research & Development, Navy (BA 7)

